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Office of Coal & Power Im/Ex
Office of Coal & Power Systems
Office of Fossil Energy
1000 Independence Avenue, SW
Washington, D.C. 20585-0350

Att: Ms. Ellen Russell

Re: Sumas Energy 2, Inc.
Docket No. EA-204

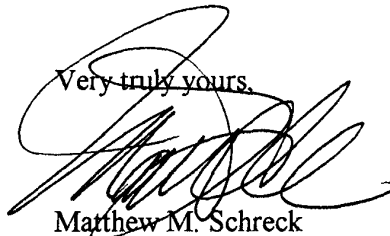
Dear Ms. Russell:

Enclosed for filing is an original and fifteen copies of the "Application of Sumas Energy 2, Inc. for Authorization to Transmit Electric Energy to Canada." Please also find a check in the amount of \$500 in payment of the filing fee, pursuant to 10 C.F.R. Section 205.309.

Also enclosed herewith is an additional copy of the application to be time-stamped and returned to the undersigned in the enclosed self-addressed, stamped envelope.

Thank you for your assistance.

Very truly yours,



Matthew M. Schreck
Attorney for Sumas Energy 2, Inc.

Enclosures

UNITED STATES OF AMERICA

BEFORE THE

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

Sumas Energy 2, Inc.

)

Docket No. EA- 204

APPLICATION OF SUMAS ENERGY 2, INC.
FOR AUTHORIZATION TO TRANSMIT ELECTRIC ENERGY TO CANADA

Pursuant to Section 205.300, *et seq.*, of the U.S. Department of Energy, Office of Fossil Energy's ("OFE") regulations (10 C.F.R. §205.300, *et seq.* (1999)) and Section 202(e) of the Federal Power Act ("FPA"),¹ Sumas Energy 2, Inc. ("SE2") hereby respectfully files this application for the blanket authority to transmit electric energy from the United States to Canada.

In support of this application, Sumas respectfully states as follows:

I.

Identity of Applicant

The full, legal name of SE2 is Sumas Energy 2, Inc. SE2's offices are located at 335 Parkplace, Suite 110, Kirkland, Washington 98033. SE2 is a corporation organized in the State of Washington, for the purpose of developing, constructing, owning, and operating a planned 720 megawatt nominal electrical generation station to be located in Sumas, Washington (the "Project").² SE2 has no partners in the Project. Accordingly, SE2 shall be the sole owner and

¹ 16 U.S.C. §824a(e) (1999).

² The Project shall be located adjacent to a 125-megawatt electrical generation facility owned and operated by an affiliate of SE2 -- Sumas Energy, Inc. ("SEI"), which has been in operation since 1993. The operations, financing, and contractual relationships of SE2 are separate and distinct from the adjacent SEI facility.

operator of the Project.

II.

Communications

All correspondence regarding this application should be addressed to the following person:

Matthew M. Schreck
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III.

Jurisdiction

No other known federal, state, or local government has jurisdiction over SE2's proposed export of electric power as set forth herein.³

IV.

Power Export Proposal

SE2 seeks the authority to transmit electric power to Canada through wholesale transactions. As set forth in Section V hereto, SE2's export transmission and sales of power will be effectuated using its proposed 230 kV alternating current ("AC"), above-ground transmission line from the Project, located in Sumas, Washington, to the U.S./Canadian border and into British

³ Contemporaneously with the filing of the instant application, SE2 is filing an application with the Federal Energy Regulatory Commission ("FERC") for a determination that the Project will qualify as an Exempt Wholesale Generator ("EWG"), pursuant to the Public Utility Holding Company Act of 1935, as amended by the Energy Policy Act of 1992, and Part 365 of the FERC's Rules and Regulations.

Columbia, where it will interconnect with the transmission facilities of BC Hydro, Inc. at its Clayburn substation.

SE2 shall make all necessary commercial arrangements, and will obtain any and all other regulatory approvals required in order to initiate any power exports. SE2 projects that power exports will commence on or before December, 2001.

V.

Proposed Generating Facilities and Transmission Line

On February 10, 1999 SE2 filed in Docket No. PP-204 with the OFE an Application for Presidential Permit ("Permit Application"). As set forth in the Permit Application, SE2, as part of its overall Project development, is seeking the authority to construct, connect, operate, and maintain facilities for the transmission of electric energy at the international boundary between the United States and Canada. All of the Project's power generation will be transmitted on the proposed transmission line and sold in Canada. The Project facilities are not planned to be interconnected with any domestic transmission facilities or any other Canadian transmission facilities.

As set forth in the Permit Application (*Mimeo at 3-6*), SE2 proposes to construct a 230 kV alternating current ("AC"), above-ground transmission line from the Project, located in Sumas, Washington, to the U.S./Canadian border and into British Columbia, where it will interconnect with the transmission facilities of BC Hydro, Inc. at its Clayburn substation. The proposed transmission line will be approximately six and one-half (6 1/2) miles in length, and have a maximum capacity of up to 800 MW. The line will be constructed, owned, and operated by SE2 and/or an affiliated company(ies). It will run approximately one-half mile on the U.S. side of

the border entirely within the City of Sumas. The line will pass through one parcel of private property. On the Canadian side, the line will run approximately six miles to the BC Hydro Clayburn substation in Abbotsford, British Columbia. The majority of the Canadian route, about six (6) miles, is on Canadian Pacific Railway rights-of-way. The last approximately one-half (½) mile is over BC Hydro property. At Clayburn, the power line will be integrated into the BC Hydro system. The majority of this route in the U.S. is on City of Sumas and Burlington Northern Railway rights-of-way. Approximately one-half mile of the line is on public and private right-of-way within the City of Sumas to the U.S./Canadian border; it then will run another five and one-half (5 ½) miles in Canada, where it will interconnect with the BC Hydro transmission line. Power will be transmitted to B C Hydro's Claybourne substation outside of Abbotsford, British Columbia.

General and detailed maps showing SE2's proposed electric system and highlighting the location of the Project and proposed transmission line were attached to the Permit Application as Exhibits C and Exhibit E thereto, and are hereby incorporated by reference pursuant to Section 205.303(f) of the OFE's regulations.⁴

VI.

Reliability, Fuel Use, and System Stability

As set forth above as well as in the Permit Application, SE2 is proposing to construct a stand-alone power generating facility. All power produced by the Project shall be transmitted to the U.S./Canadian border for subsequent transmission into the facilities of BC Hydro. Accordingly, SE2's proposed export of power will not impair the sufficiency of electric power

⁴ 10 C.F.R. §205.303(f) (1999).

supply in the U.S., nor will it impede or tend to impede the coordinated use of the U.S. power network, including the regional coordination of electric utility planning or operation.

Moreover, SE2's proposed export of power will not affect the Project's present and future reliability, fuel use, and system stability, because the Project is being designed solely to effectuate the generating capability to make the proposed power exports as set forth herein.⁵

VII.

Environmental

SE2 has submitted to the OFE in Docket No. PP-204 a draft Environmental Assessment ("EA") for the proposed construction and operation of the Project, including the power transmission line and the proposed export of power, in accordance with the National Environmental Policy Act of 1969.⁶ SE2 believes that the EA supports a finding of no significant impact by the OFE with respect to the environmental impacts of the Project, including the proposed export of power as set forth herein.

⁵ As the prospective owner and operator of a stand-alone power transmission line that will not be offering transmission service to third-parties and will not be interconnected with any other transmission facilities, SE2 does not believe that it will be considered a "transmitting utility" for purposes of having to provide access across the U.S./Canadian border in accordance with the principles of open-access and non-discrimination contained in the FPA and FERC Order Nos. 888 and 888-A. However, to the extent that SE2 offers in the future to provide access to its transmission facilities to third-parties, SE2 shall comply with the same principles of comparable open access and non-discrimination that apply to the domestic interstate transmission of electricity. *See, e.g., Constellation Power Source, Inc.*, Order No. EA-164 (Jan. 23, 1998).

⁶ 42 U.S.C. §4321, *et seq.* (1998).

VIII.

Exhibits

Pursuant to Section 205.303 of the OFE's regulations,⁷ the following exhibits are either attached hereto or incorporated by reference from a prior submittal to the OFE:

<u>Exhibit</u>	<u>Contents</u>
A	Agreements — Not applicable, as SE2 (or an affiliate) shall own and operate the transmission line over which the exported power shall be transmitted.
B	Opinion of Counsel — Submitted as Exhibit A of the Permit Application filed with the OFE in Docket No. PP-204 and hereby incorporated by reference.
C	Maps — Submitted as Exhibits C and E of the Permit Application filed with the OFE in Docket No. PP-204 and hereby incorporated by reference.
D	Power of Attorney — Not applicable.
E	State of Foreign Relationship — Not applicable.
F	Operating Procedures — Not applicable, as SE2's proposed Project will not be interconnected with any other transmission facilities.

⁷ 10 C.F.R. §205.303 (1999).

IX.

Conclusion

WHEREFORE, SE2 respectfully requests that this application for blanket authority to transmit electric energy to Canada be expeditiously considered and approved.

Very truly yours,
SUMAS ENERGY 2, INC.

By: 

Matthew M. Schreck
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(713) 464-5759

Attorney for Sumas Energy 2, Inc..

Dated: April 1, 1999